

Schedule
ND-1FA

North Dakota Office of State Tax Commissioner
**Calculation of tax under 3-year averaging
method for elected farm income**



2010

Attach to Form ND-1

Please type or print in black or blue ink.

Your name as shown on Form ND-1	Your Social Security Number
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▶ See instructions to this schedule to see if you are eligible to use it

1. North Dakota taxable income from Form ND-1, line 18 ----- 1 _____
2. Elected farm income from your 2010 Schedule J (Form 1040), line 2. If this amount includes a net long-term capital gain, see instructions. *Do not enter more than the amount on line 1* ----- 2 _____
3. Subtract line 2 from line 1 ----- 3 _____
4. Tax on the amount on line 3 from Tax Table on page 20 of 2010 Form ND-1 instructions ----- 4 _____
5. If you used Schedule ND-1FA to figure your tax for:
 - 2009, enter amount from your 2009 Schedule ND-1FA, line 11.
 - 2008 but not 2009, enter amount from your 2008 Schedule ND-1FA, line 15.
 - 2007 but not 2008 nor 2009, enter amount from your 2007 Schedule ND-1FA, line 3.
 Otherwise, enter amount from 2007 Form ND-1, line 16, **OR** from 2007 Form ND-2, Tax Computation Schedule, line 1.

*If line 5 is zero or less,
see instructions.*
6. Divide the amount on **line 2** by **3.0** ----- 6 _____
7. Add lines 5 and 6. *If less than zero, enter zero* ----- 7 _____
8. If you used Form ND-1 for 2007, figure the tax on the amount on line 7 using the 2007 Form ND-1 Tax Rate Schedules on page 2 of the instructions. Otherwise, use the Form ND-2 Tax Rate Schedule on page 1 of the instructions ----- 8 _____
9. If you used Schedule ND-1FA to figure your tax for:
 - 2009, enter amount from your 2009 Schedule ND-1FA, line 15.
 - 2008 but not 2009, enter amount from your 2008 Schedule ND-1FA, line 3.
 Otherwise, enter amount from 2008 Form ND-1, line 16, **OR** from 2008 Form ND-2, Tax Computation Schedule, line 1.

*If line 9 is zero or less,
see instructions.*
10. Enter amount from line 6 ----- 10 _____
11. Add lines 9 and 10. *If less than zero, enter negative number* ----- 11 _____
12. If you used Form ND-1 for 2008, figure the tax on the amount on line 11 using the 2008 Form ND-1 Tax Rate Schedules on page 2 of the instructions. Otherwise, use the Form ND-2 Tax Rate Schedule on page 1 of the instructions ----- 12 _____
13. If you used Schedule ND-1FA to calculate your tax for 2009, enter the amount from your 2009 Schedule ND-1FA, line 3. Otherwise, enter amount from 2009 Form ND-1, line 18, **OR** from 2009 Form ND-EZ, line 1 ----- 13 _____

*If line 13 is zero or less,
see instructions.*
14. Enter amount from line 6 ----- 14 _____
15. Add lines 13 and 14. *If less than zero, enter negative number* ----- 15 _____
16. Figure the tax on the amount on line 15 using the 2009 Tax Rate Schedules on page 2 of the instructions. ----- 16 _____
17. Add lines 4, 8, 12 and 16. Enter this amount on page 2, line 18, of this schedule ----- 17 _____



18. Enter the amount from page 1, line 17 ----- 18 _____

19. If you used Schedule ND-1FA to figure your tax for:

- 2009, enter amount from your 2009 Schedule ND-1FA, line 12.
- 2008 but not 2009, enter amount from your 2008 Schedule ND-1FA, line 16.
- 2007 but not 2008 nor 2009, enter amount from your 2007 Schedule ND-1FA, line 4.

Otherwise, enter amount from 2007 Form ND-1, line 17 (if full-year resident) or Schedule ND-1NR, line 20 (if full-year nonresident or part-year resident) **OR** from 2007 Form ND-2, Tax Computation Schedule, line 2.

----- 19 _____

20. If you used Schedule ND-1FA to figure your tax for:

- 2009, enter amount from your 2009 Schedule ND-1FA, line 16.
- 2008 but not 2009, enter amount from your 2008 Schedule ND-1FA, line 4.

Otherwise, enter amount from 2008 Form ND-1, line 17 (if full-year resident) or Schedule ND-1NR, line 20 (if full-year nonresident or part-year resident) **OR** from 2008 Form ND-2, Tax Computation Schedule, line 2.

----- 20 _____

21. If you used Schedule ND-1FA to figure your tax for 2009, enter amount from 2009 Schedule ND-1FA, line 4. Otherwise, enter amount from 2009 Form ND-1, line 20 (if full-year resident) or Schedule ND-1NR, line 20 (if full-year nonresident or part-year resident) **OR** from 2009 Form ND-EZ, line 2. ----- 21 _____

22. Add lines 19, 20, and 21 ----- 22 _____

23. Subtract line 22 from line 18. Enter result on your return as follows:

- If you (and your spouse, if filing jointly) were full-year residents, enter the amount from this line on your 2010 Form ND-1, line 20.
- If you are required to use Schedule ND-1NR, enter the amount from this line on Schedule ND-1NR, line 20.

----- (F1) 23 _____

► **Caution:** If you (and your spouse, if filing jointly) are full-year residents, the tax on line 23 above may be higher than the tax calculated without the use of this schedule.

If you are required to use Schedule ND-1NR, the tax on line 23 above is not your actual tax liability. You must enter the tax from line 23 of this schedule on Schedule ND-1NR, line 20, and complete the remainder of Schedule ND-1NR to calculate your actual tax liability. Please note that the tax calculated based on the use of Schedule ND-1FA may be higher than the tax calculated without it.

► **Attach this schedule to your Form ND-1 only if you are choosing to pay the tax based on its use.**

General instructions

Eligibility

You are eligible to use the 2010 Schedule ND-1FA to calculate your tax for 2010 if you used Schedule J (Form 1040) to calculate your 2010 federal income tax.

The use of Schedule ND-1FA is elective. You do not have to use it even though you used Schedule J (Form 1040) to calculate your federal income tax for 2010.

IMPORTANT: It is possible for the tax calculated using Schedule ND-1FA to be higher than the tax calculated on all of your income using the regular method (without Schedule ND-1FA). Complete and attach Schedule ND-1FA to your Form ND-1 *only if* you are electing to pay the tax that results from using Schedule ND-1FA.

Copies of 2007, 2008, and 2009 returns

You will need copies of your 2007, 2008, and 2009 North Dakota income tax returns to complete the 2010 Schedule ND-1FA. If you do not have a copy of any of these returns, see the back cover of the 2010 Form ND-1 instruction booklet for information on how to obtain one.

If you filed an amended North Dakota income tax return, or if the Office of State Tax Commissioner made changes to your North Dakota income tax return for 2007, 2008, or 2009, you must use the corrected amounts when completing Schedule ND-1FA.

Specific line instructions

Line 2

Enter your elected farm income from the 2010 Schedule J (Form 1040), line 2. However, if you claimed an exclusion on line 8 of your 2010 Form ND-1 attributable to a net long-term capital gain included in your federal elected farm income, subtract that portion of the exclusion from your federal elected farm income and enter the result on this line.

Lines 5, 9, and 13

For purposes of completing lines 5, 9, and 13 of the 2010 Schedule ND-1FA, your North Dakota taxable income may be a negative number. If your North Dakota taxable income for a base year is mathematically less than zero, use the negative number for purposes of completing these lines.

No filing requirement for base year.

If you were not required to file a North Dakota income tax return for one or more of the base years, you must complete the applicable North Dakota return for each base year for which a return was not filed. Complete the return through the line on which the tax is calculated. Use the figures from the return completed for the base year to complete the applicable lines of the 2010 Schedule ND-1FA.

Form ND-2 Tax Rate Schedule

If you used Form ND-2 for the 2007 or 2008 tax year, use this schedule to calculate the tax for that tax year.

If revised taxable income for tax year is:		The revised tax is equal to:	
Over	But not over		
\$ 0	\$ 3,000	2.67% of the revised taxable income
3,000	5,000	\$ 80.10 +	4.00% of the amount over \$ 3,000
5,000	8,000	160.10 +	5.33% of the amount over 5,000
8,000	15,000	320.00 +	6.67% of the amount over 8,000
15,000	25,000	786.90 +	8.00% of the amount over 15,000
25,000	35,000	1,586.90 +	9.33% of the amount over 25,000
35,000	50,000	2,519.90 +	10.67% of the amount over 35,000
50,000		4,120.40 +	12.00% of the amount over 50,000

2007 Form ND-1 Tax Rate Schedules

If you used Form ND-1 for the 2007 tax year, use these tax rate schedules to calculate the tax to enter on line 8. Use the schedule that corresponds to your filing status for the 2007 tax year.

Single
 If revised taxable income for tax year is:

Over	But not over	The revised tax is equal to:
\$ 0	\$ 31,850	2.1% of the revised taxable income
31,850	77,100	\$ 668.85 + 3.92% of amount over \$ 31,850
77,100	160,850	2,442.65 + 4.34% of amount over 77,100
160,850	349,700	6,077.40 + 5.04% of amount over 160,850
349,700		15,595.44 + 5.54% of amount over 349,700

Married filing jointly and Qualifying widow(er)
 If revised taxable income for tax year is:

Over	But not over	The revised tax is equal to:
\$ 0	\$ 53,200	2.1% of the revised taxable income
53,200	128,500	\$ 1,117.20 + 3.92% of amount over \$ 53,200
128,500	195,850	4,068.96 + 4.34% of amount over 128,500
195,850	349,700	6,991.95 + 5.04% of amount over 195,850
349,700		14,745.99 + 5.54% of amount over 349,700

Married filing separately
 If revised taxable income for tax year is:

Over	But not over	The revised tax is equal to:
\$ 0	\$ 26,600	2.1% of the revised taxable income
26,600	64,250	\$ 558.60 + 3.92% of amount over \$ 26,600
64,250	97,925	2,034.48 + 4.34% of amount over 64,250
97,925	174,850	3,495.98 + 5.04% of amount over 97,925
174,850		7,373.00 + 5.54% of amount over 174,850

Head of Household
 If revised taxable income for tax year is:

Over	But not over	The revised tax is equal to:
\$ 0	\$ 42,650	2.1% of the revised taxable income
42,650	110,100	\$ 895.65 + 3.92% of amount over \$ 42,650
110,100	178,350	3,539.69 + 4.34% of amount over 110,100
178,350	349,700	6,501.74 + 5.04% of amount over 178,350
349,700		15,137.78 + 5.54% of amount over 349,700

2008 Form ND-1 Tax Rate Schedules

If you used Form ND-1 for the 2008 tax year, use these tax rate schedules to calculate the tax to enter on line 12. Use the schedule that corresponds to your filing status for the 2008 tax year.

Single
 If revised taxable income for tax year is:

Over	But not over	The revised tax is equal to:
\$ 0	\$ 32,550	2.1% of the revised taxable income
32,550	78,850	\$ 683.55 + 3.92% of amount over \$ 32,550
78,850	164,550	2,498.51 + 4.34% of amount over 78,850
164,550	357,700	6,217.89 + 5.04% of amount over 164,550
357,700		15,952.65 + 5.54% of amount over 357,700

Married filing jointly and Qualifying widow(er)
 If revised taxable income for tax year is:

Over	But not over	The revised tax is equal to:
\$ 0	\$ 54,400	2.1% of the revised taxable income
54,400	131,450	\$ 1,142.40 + 3.92% of amount over \$ 54,400
131,450	200,300	4,162.76 + 4.34% of amount over 131,450
200,300	357,700	7,150.85 + 5.04% of amount over 200,300
357,700		15,083.81 + 5.54% of amount over 357,700

Married filing separately
 If revised taxable income for tax year is:

Over	But not over	The revised tax is equal to:
\$ 0	\$ 27,200	2.1% of the revised taxable income
27,200	65,725	\$ 571.20 + 3.92% of amount over \$ 27,200
65,725	100,150	2,081.38 + 4.34% of amount over 65,725
100,150	178,850	3,575.43 + 5.04% of amount over 100,150
178,850		7,541.91 + 5.54% of amount over 178,850

Head of Household
 If revised taxable income for tax year is:

Over	But not over	The revised tax is equal to:
\$ 0	\$ 43,650	2.1% of the revised taxable income
43,650	112,650	\$ 916.65 + 3.92% of amount over \$ 43,650
112,650	182,400	3,612.45 + 4.34% of amount over 112,650
182,400	357,700	6,648.60 + 5.04% of amount over 182,400
357,700		15,483.72 + 5.54% of amount over 357,700

2009 Form ND-1 Tax Rate Schedules

If you used Form ND-1 for the 2009 tax year, use these tax rate schedules to calculate the tax to enter on line 16. Use the schedule that corresponds to your filing status for the 2009 tax year.

Single
 If revised taxable income for tax year is:

Over	But not over	The revised tax is equal to:
\$ 0	\$ 33,950	1.84% of the revised taxable income
33,950	82,250	\$ 624.68 + 3.44% of amount over \$ 33,950
82,250	171,550	2,286.20 + 3.81% of amount over 82,250
171,550	372,950	5,688.53 + 4.42% of amount over 171,550
372,950		14,590.41 + 4.86% of amount over 372,950

Married filing jointly and Qualifying widow(er)
 If revised taxable income for tax year is:

Over	But not over	The revised tax is equal to:
\$ 0	\$ 56,750	1.84% of the revised taxable income
56,750	137,050	\$ 1,044.20 + 3.44% of amount over \$ 56,750
137,050	208,850	3,806.52 + 3.81% of amount over 137,050
208,850	372,950	6,542.10 + 4.42% of amount over 208,850
372,950		13,795.32 + 4.86% of amount over 372,950

Married filing separately
 If revised taxable income for tax year is:

Over	But not over	The revised tax is equal to:
\$ 0	\$ 28,375	1.84% of the revised taxable income
28,375	68,525	\$ 522.10 + 3.44% of amount over \$ 28,375
68,525	104,425	1,903.26 + 3.81% of amount over 68,525
104,425	186,475	3,271.05 + 4.42% of amount over 104,425
186,475		6,897.66 + 4.86% of amount over 186,475

Head of Household
 If revised taxable income for tax year is:

Over	But not over	The revised tax is equal to:
\$ 0	\$ 45,500	1.84% of the revised taxable income
45,500	117,450	\$ 837.20 + 3.44% of amount over \$ 45,500
117,450	190,200	3,312.28 + 3.81% of amount over 117,450
190,200	372,950	6,084.06 + 4.42% of amount over 190,200
372,950		14,161.61 + 4.86% of amount over 372,950